United Nations A/C.5/69/SR.29

General Assembly
Sixty-ninth session

Official Records

Distr.: General
10 March 2015

Original: English

Fifth Committee

Summary record of the 29th meeting
Held at Headquarters, New York, on Wednesday, 4 March 2015, at 10 a.m.

Chair: Mr. Ružička ..... (Slovakia)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

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The meeting was called to order at 10.05 a.m.

Agenda item 147: Financing of the International Residual Mechanism for Criminal Tribunals (*continued*)

Construction of a new facility for the International Residual Mechanism for Criminal Tribunals, Arusha branch (A/69/734 and A/69/788)

1. **Mr. Cutts** (Assistant Secretary-General for Central Support Services), introducing the report of the Secretary-General on the construction of a new facility for the International Residual Mechanism for Criminal Tribunals, Arusha branch (A/69/734), said that, as requested by the General Assembly, the report provided an update on the progress made in the construction of the new premises of the Arusha branch of the Mechanism.

2. Key milestones had been met. The Mechanism had formalized the donation of land by the United Republic of Tanzania to the United Nations; entered into a contract with an architectural firm to develop the conceptual design, as approved by the General Assembly, and ensured that the design was delivered on time; completed the procurement exercise for construction; and negotiated a contract for the provision of construction services with a general contractor based in the United Republic of Tanzania. Construction works — expected to last for twelve months — had begun in February 2015.

3. Now in its fourth year of planning and implementation, the project had experienced overall slippage of four to six weeks, an improvement on the previously reported delay of two months. Achievement of the project was grounded in three interlinked factors: efficiency strategies, cooperation and coordination, and accountability.

4. Regarding efficiency strategies, in 2012 it had been estimated that the project would finish in March 2017. However, in response to the General Assembly's call for acceleration of the project, the Mechanism had implemented a streamlined schedule, with completion now anticipated in February 2016.

5. Lessons learned from other capital projects had been taken on board in order to plan pre-emptively. The Mechanism team had, for example, through extensive consultations with the architects, ensured that the design and preparation of the tender documentation had run concurrently, rather than consecutively. The project team had confirmed programmatic and functional requirements at the design stage to minimize the risk of changes in scope during the execution of the works.

6. Procurement of construction services had been facilitated by a pre-bid conference and site visit for potential vendors. Additionally, so as to mitigate the risk of protracted negotiations, a draft contract had been issued during the tender period and made available for comments from bidders. By requiring an established local business presence for both the architectural consultants and the construction firm, the Mechanism had secured the incorporation of local expertise — invaluable in sourcing labour and materials in the region, ensuring expertise in the importation of goods, and utilizing local design and construction methods.

7. The efficiency measures were the result of coordination between the Overseas Properties Management Unit and the Procurement Division of the Office of Central Support Services and the Office of Legal Affairs.

8. The Secretary-General reiterated his appreciation to the United Republic of Tanzania for its outstanding commitment to the project and looked forward to continued collaboration. The General Assembly was requested to take note of the report.

9. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/69/788), said that the Advisory Committee expressed its appreciation to the Government of the United Republic of Tanzania for its provision of land, access roads and the connection of utilities for the new facility at no cost to the United Nations, and trusted that cooperation would be maintained throughout all phases of the project.

10. The Advisory Committee was concerned that the date for completion of construction and occupancy had been postponed from late 2015 to early 2016, a delay of an additional four weeks compared with the project schedule contained in the previous report of the Secretary-General (A/68/724). The Mechanism should take steps to make up for lost time and mitigate potential risks so as to ensure that the project was completed within the overall timeline. As the Secretary-General indicated that contract negotiations

with the construction company had successfully concluded, he should provide up-to-date information on the construction contract and related costs.

11. The Advisory Committee noted that, in addition to a total project cost of $7.7 million, inclusive of construction costs, site works, architect fees, project supervision and management and travel of staff to provide technical assistance, the Secretary-General had indicated the need for a contingency provision of some $1 million to cover unforeseen project conditions, on the understanding that any unspent balance of the contingency would be returned to Member States on completion of the project.

12. The Advisory Committee had repeatedly expressed its expectation that project costs should be met from within the resources approved for the construction of the new facility in order to obviate the need to utilize the contingency provision, and noted with concern that the Mechanism had charged higher-than-budgeted architect fees to the project contingency provision at an early stage, when possibilities for absorbing that amount still existed. Further, since the project contingency provision was calculated at 15 per cent of the construction cost rather than linked to individual risks, as recommended by the Board of Auditors, it was a matter of principle that the Secretary-General should identify mitigation measures before charging amounts to the contingency provision.

13. The Advisory Committee recommended that the General Assembly should request the Secretary-General to absorb the higher-than-budgeted amount related to the architect fees without charging it to the contingency provision and identify mitigation measures permitting absorption of cost escalations within the construction budget without recourse to the contingency provision; and further recommended that the General Assembly should request the Secretary-General to follow best practice as recommended by the Board of Auditors with respect to project contingency provisions in future capital projects.

14. **Mr. Davidson** (South Africa), speaking on behalf of the Group of 77 and China, said that the Group attached great importance to the construction of the new facility for the Mechanism in Arusha as a necessary element for it to implement its mandate.

15. He welcomed the progress made in the implementation of the project, including the issuance of the certificate of occupancy by the Government of the United Republic of Tanzania, which granted the Mechanism exclusive right of occupancy of the site for a term of 99 years, free of any annual rental charges or other fees. The Group noted with satisfaction that the host Government had completed construction of the access roads and initiated works related to the connection of utilities and other key infrastructure at no cost to the Organization.

16. The Group reiterated its appreciation to the host Government for its continued support to the project as well as to the work of the Tribunal and Mechanism, and encouraged the Secretary-General to ensure continued cooperation between the Organization and the Government.

17. With regard to procurement activities, the Group requested an update on the negotiation of the construction services contract, emphasized the need for the Secretary-General to ensure that the procurement of goods and services for the project was carried out in full compliance with the rules, regulations and relevant provisions of the General Assembly resolutions governing procurement, and welcomed the incorporation of local knowledge and capacity in implementation of the construction project.

18. There was a need to draw lessons and apply best practices from other construction projects, not only those undertaken by the Organization, but also by other public and private entities in the host country and in the region. The Group would seek further information on how key elements related to information and communications technology infrastructure, energy efficiency and accessibility had been taken into account in implementation of the project.

19. The Group took note of the information on governance and oversight of the project and looked forward to updates on oversight coverage by the Office of Internal Oversight Services (OIOS) as well as implementation of the comments, observations and recommendations of the Board of Auditors.

20. The Group noted with concern the four-week delay in project implementation, and supported the Advisory Committee in urging the Secretary-General to take all possible actions to make up for lost time to avoid negative implications, including possible cost escalation. The Group further concurred with the Advisory Committee on the need for the Mechanism to monitor the project more closely and take measures to

mitigate potential risk so as to ensure timely completion.

21. **Mr. Mihoubi** (Algeria), speaking on behalf of the African Group, said that the Group welcomed the progress in implementation of the project, in particular the formalization of the land offer by the Government granting right of occupancy free of rental and other fees for an initial period of 99 years, appointment of the contractor, the environmental impact assessment, and the procurement activities undertaken. The Group further welcomed the work undertaken at the expense of the host Government related to construction of a temporary access road to the site and the initiation of key infrastructure activities related to water and power supply.

22. As effective interaction with host country authorities played a crucial role in project implementation, he welcomed the commitment of the host Government in facilitating the construction project and the work of the Mechanism and Tribunal.

23. The Group looked forward to updates on oversight coverage of activities undertaken as well as those planned. There was a need for close interaction between Headquarters and project management teams in the field so as to mitigate potential risk, ensure accountability and guarantee expected results. The Secretary-General should continue to incorporate local knowledge, capacity and know-how throughout implementation of the project, as mandated.

24. The errors, omissions and other anomalies affecting other capital projects must not occur in the Arusha project. It was important to apply best practice from a wide range of capital projects undertaken locally and in the region. The Group was concerned by the anticipated delays; every effort should be made to complete the project on time.

Agenda item 132: Programme budget for the biennium 2014-2015 (*continued*)

Standards of accommodation for air travel
(A/69/643, A/69/643/Corr.1 and A/69/787)

25. **Mr. Saunders** (Director, Office of the Under-Secretary-General for Management), introducing the report of the Secretary-General on standards of accommodation for air travel (A/69/643 and A/69/643/Corr.1), said that, by its resolution 67/254 A, the General Assembly had decided that, for official travellers below the level of Assistant Secretary-General, the standard of accommodation for air travel would be business class if a single-leg journey was nine hours or more, and would also be business class for a multi-leg journey if the combined travel time was 11 hours or more, including a maximum of two hours' connection time, provided that the journey to the next destination resumed within 12 hours. The Assembly had requested the Secretary-General to modify his administrative instructions on standards of accommodation for air travel so that the duration of a journey was determined on the basis of the most economical route available, provided that the total additional time of the whole journey did not exceed the most direct route by four hours. The Assembly had also endorsed the Advisory Committee's proposals establishing economy class as the standard of accommodation for air travel for consultants and individual contractors, unless determined otherwise by the Secretary-General.

26. An administrative instruction (ST/AI/2013/3) issued in 2013 reflected those decisions, as well as a change in the travel entitlement of non-United Nations officials travelling on behalf of the Organization, with the exception of those explicitly excluded from the new policy, pursuant to resolution 67/254 A. The General Assembly had noted the increasing frequency and cost of exceptions to the standards of accommodation, and requested the Secretary-General to take action to limit the use of exceptions and to analyse the trend in their use. Detailed analyses were provided in the report, as were matters relating to implementation of the recommendations of the Office of Internal Oversight Services on air travel (A/67/695).

27. Regarding the impact of the recent reduction in the lump-sum travel provision from 75 per cent to 70 per cent of the least restrictive economy class airfare, the Secretary-General would submit an analysis and proposal at the first part of the resumed seventieth session.

28. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/69/787), said that the General Assembly's request to limit the use of exceptions to the standards of accommodation for air travel had not been complied with, as their number continued to increase, in particular under the prominent traveller category. The Advisory Committee therefore recommended that

the General Assembly should establish a clear definition and a common set of criteria for determining prominent traveller status, and request the Secretary-General to submit related proposals.

29. The narrow focus of the Secretary-General's report, devoted almost exclusively to exceptions to standards of accommodation, did not meet the Assembly's requirements. Information on the exceptions authorized must be accompanied by data on overall travel activity and costs in order to provide a full picture of the situation and allow meaningful analysis of trends. More data and analysis should also be provided of the financial impact of resolutions 65/268 and 67/254.

30. The Secretariat had indicated that it would not be possible to provide detailed travel statistics prior to implementation of the travel module of Umoja at the end of 2015, owing to the limitations of current information systems. The Advisory Committee therefore recommended that the General Assembly should request the Secretary-General to broaden the scope and enhance the content of the relevant reports to include, in addition to data on authorized exceptions, comprehensive information on Secretariat-wide air travel activity and costs under all sources of funding. The reports should take into account the provisions and requests contained in previous General Assembly resolutions as well as observations and recommendations by oversight bodies, and all other relevant factors.

31. **Mr. Davidson** (South Africa), speaking on behalf of the Group of 77 and China, said that the Group was disappointed that much of the information requested by the General Assembly in its resolutions 65/268 and 67/254 A had not been provided. Greater effort could have been made to respond to the repeated requests of the General Assembly for more reliable information, given the importance of the effective and efficient utilisation of resources for air travel.

32. The Group noted that, notwithstanding a negative audit in 2009, travel management services continued to be provided by the American Express company. The audit had found that the procurement process had not complied with United Nations procurement principles, specifically that the company had been favoured over other, lower-cost, applicants meeting the technical requirements, and that inadequate control over contract implementation had resulted in ineffective cost containment.

33. The General Assembly, in its resolution 67/254 A, had requested the Secretary-General to explore other options for the procurement of air travel. The Group would seek clarification of the feasibility of continuing the relationship with American Express, as well as of more efficient alternatives so as to reduce travel costs, including allowing staff to make reservations directly through the Internet, instead of relying on one company to make travel reservations.

34. The Group noted with concern that the report of the Secretary-General appeared to attribute the spike in authorized exceptions to the changes in the standards of accommodation for air travel endorsed by the General Assembly, and would seek clarification. Policy changes and new formulations in the area of standards of accommodation for air travel, like other management and financial issues, remained the exclusive prerogative of the Fifth Committee and the General Assembly.

35. **Mr. Presutti** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Armenia, Georgia, the Republic of Moldova and Ukraine, said that achieving greater operational efficiency in travel practices was a major component in the modernization of the Organization. The European Union encouraged the Secretary-General to take practical measures for more effective and efficient use of the resources for air travel.

36. Notwithstanding the strong policy signal represented by resolution 67/254 A, which gave concrete direction to the Secretary-General, long-standing weaknesses still hampered the optimal use of resources, and much remained to be done. While full and reliable information on travel-related costs across the Secretariat was lacking, even the partial data presented was far from comforting. Paradoxically, although the General Assembly had decided to tighten the requirements for the use of business class, the use of exceptions had skyrocketed, with the result that there had been an increase of 81.4 per cent in additional travel costs, mostly through recourse to the prominent traveller category.

37. The General Assembly must further refine its policy guidance on air travel, taking into account the recommendations of the Advisory Committee, as well as on the rules governing other sources of travel expenditures, such as daily subsistence allowance and lump-sum amounts. If travel resources were to be utilized judiciously, it was essential to develop a system whereby not only were travel expenditures monitored and oversight exercised, but, above all, the accountability of managers was strengthened: promoting a culture of accountability at the United Nations was a key priority.

38. **Mr. Onuma** (Japan) said that his delegation attached great importance to the efficient and effective utilization of resources for air travel, and commended the Secretariat on its implementation of resolution 67/254 A, including the issuance of a new administrative instruction. In addition to the areas covered in the Secretary-General's report, the Committee needed further information on the use of frequent flyer miles, action to limit the use of first and business class travel, and more convincing justification of the exceptions for prominent travellers. In that connection, his delegation supported the views of the Advisory Committee.

39. **Ms. Norman Chalet** (United States of America) said that her delegation, while welcoming the swift implementation of the changes mandated by Member States at the sixty-seventh session, was disappointed that the momentum for change had not been carried forward to its full extent. Specifically, the report did not provide comprehensive data on air travel expenses from July 2012 to June 2014; did not provide clear analysis of the impact of and savings attributable to the decisions taken two years previously; and did not propose measures to further improve air travel policies and strengthen controls and accountability. Nearly three quarters of a billion dollars spent on travel over two years warranted close scrutiny and continuous improvement.

40. The lack of consolidated and comprehensive data on air travel expenditures, requested by the General Assembly year after year, was a particular concern. While tracking of costs would improve with the implementation of Umoja, travel represented one of the most significant categories of expenditure and Member States were owed, as a minimum, reliable figures on total expenditure and a breakdown of basic categories: number of trips, frequency, purpose and class of travel, enabling the Committee to understand the major cost drivers in air travel.

41. During the biennium 2010-2011, the Office of Internal Oversight Services had estimated travel expenditure at $769 million, and that was a mere estimate based on scattered information. The current report did not even provide an estimate for the period July 2012-June 2014. Without such data, it was not clear how the United Nations monitored expenditure or held managers accountable.

42. Her delegation was also concerned at the increase in the number of exceptions for business class travel, especially for prominent travellers, who accounted for 70 per cent of the exceptions authorized over the two-year period under review. The 68-per-cent increase in the number of exceptions approved for business class travel ran counter to the positive changes introduced by the General Assembly.

43. The United Nations had a number of policies granting generous benefits to staff and representatives. Incremental progress in reversing them had been made, but there must be a re-examination of the status quo for lump-sum payments and the categories of United Nations personnel and Member State travellers eligible for first and business class travel. Her delegation applauded the decrease in the lump-sum payment for home leave, family visit and education grant travel, from 75 to 70 per cent, with the resultant savings of 6.7 per cent at Headquarters, but further recalibration was necessary to align with best practice and achieve further savings. In that connection, the International Civil Aviation Organization employed a lump-sum provision of 55 per cent of the full economy class fare.

44. The Secretary-General must demonstrate his leadership on the issue and find ways to make more judicious use of air travel resources. Member States must be given clear and reliable information so as to secure the best value from limited travel funds.

The meeting rose at 11 a.m.